

MINUTES

**MONTANA SENATE
56th LEGISLATURE - REGULAR SESSION**

FREE CONFERENCE

Call to Order: By **CHAIRMAN JOHN HARP**, on April 17, 1999 at 10:15 A.M., in Room 410 Capitol.

ROLL CALL

Members Present:

Sen. John Harp
Sen. Bob Keenan
Sen. Chris Christiaens
Rep. Loren Soft
Rep. Mark Noennig
Rep. Carolyn Squires

Members Excused: None.

Members Absent: None.

Staff Present: Greg Petesch, Legislative Branch
Jyl Scheel, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 81, 4/17/1999
Executive Action:

SENATOR HARP opened the Free Conference Committee Meeting on **SB 81** which is an act establishing the **Children's Health Insurance Program (CHIP)**.

Motion: **SENATOR KEENAN** moved **SB 81 AMENDMENT SB008110.ASF** Be Adopted. **EXHIBIT**(frs84sb0081a01).

Discussion:

SENATOR KEENAN stated the key to this amendment is #2 with the insert of "funds received from the tobacco settlement must be

deposited in the General Fund". That is basically what the amendment does beyond the allocation of the money for the **CHIP** program. That appropriation will be from the General Fund.

REPRESENTATIVE SOFT asked that **Greg Petesch** explain the rationale and reasoning behind the amendment. **Mr. Petesch** stated according to the strict accountability requirement of the Constitution, you have to account where the money goes to and where it comes from. The way the appropriation is structured in this bill is it is made from the stream of revenue rather than from a fund. In 17-2-102 implementing the treasury fund structure requirement of the Constitution provides that the General Fund accounts for all financial resources except those required to be accounted for another fund. At this point in the session there is no requirement that tobacco settlement proceeds be accounted for in any other fund. Therefore, they would go to the General Fund absent doing anything. In order to make the appropriations a legal appropriation under the strict accountability requirements they have to designate where it is coming from. This clarifies that absent anything else, these tobacco settlement proceeds are going into the General Fund and then the appropriation is coming out of the General Fund rather than from the stream of revenue so it makes it a legal appropriation.

SENATOR HARP stated, last week in the Senate, he was disappointed they did not get **HB 131** through which did do some allocations, but they could not get it out of the House of Representatives. They mentioned they wanted to be up front and very clear how they were going to handle these monies. As **Mr. Petesch** stated they have to recognize these first before they can do anything further as far as **CHIPS** and preventive education with tobacco, and anything else under the appropriations process. In **HJR 2** about \$20 million dollars has been recognized into the revenue stream but it also states they are anticipating somewhere around \$67 million dollars. Conceptually, what is taking place is, we are obligated by our Constitution to recognize this money today and secondly he assumes there would be another additional \$47 million dollars recognized. Because of this and more importantly, the commitment we have made for the prevention issues, education, **CHIPS**, etc. could be recognized and we could tell Montanans up front what we intend to do with these proceeds. He feels it is appropriate and we are obligated to recognize that at this time. He supports the amendment.

SENATOR CHRISTIAENS stated he had no problem with the fact this is going into the General Fund as long as there is some restrictive language that goes with it that specifically says this money is not used for general government purposes. As long as this is up front and used for education, prevention,

cessation, those areas that provide healthcare for Montana citizens whose health may have been damaged through the use of this product over the years. He would not be very supportive of just allowing it to go into the General Fund.

SENATOR HARP stated that is a good point. First the money needs to be recognized to take care of those needs in Montana dealing with the issue of tobacco. By adopting this amendment, that is the first step. Obviously he thinks there would be further consideration on exactly how those dollars are accounted for and received. He assumes in **HB 2** that discussion would take place as a look at the potential of appropriating some of those dollars for some of those programs that have been outlined today.

Vote: Motion that **SB 81 AMENDMENTS SB008110.ASF BE ADOPTED**
carried 6-0.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 5.8; Comments : None.}

REPRESENTATIVE NOENNIG stated he had been analyzing the language of the existing two sections on page 8, Section 11 and 12. His concern is that this is set up so the coordination works properly. Under Section 12, the way this system works is the money received during the biennium from January 1, 1999 through as amended June 30, 2001, is used for this purpose. The intent of the second part is if money is not received there would be a bridge loan to cover the interim time. He thought the intention was these loans would be made if necessary when the money is needed and didn't come in. Is any additional clarification needed or is the language satisfactory the way it is?

Mr. Petesch stated he is satisfied with the language the way it is. Under 17-2-107 those General Fund loans work that way, they leave the money in the General Fund and then provide it to the appropriation as needed for the program.

Motion: **SENATOR CHRISTIAENS** moved **ON PAGE 1 OF THE HOUSE**
STANDING COMMITTEE REPORT, TO STRIKE AMENDMENT #3.

{Tape : 1; Side : A; Approx. Time Counter : 5.8 - 8.1; Comments : None.}

Discussion:

SENATOR CHRISTIAENS stated he proposed the amendment for a very specific reason. Under **CHIPS**, maternity benefits will be paid at

\$3,000+ per delivery and yet, under this language, not prevention, education and all of those things. He knows there may be some folks that feel strongly on this because of religious purposes, but it seems to him if we are to keep costs down, keep **CHIPS** a payment folks can afford, and cover as many young people as we can, this is really foolish.

SENATOR HARP stated this was adopted in the House Appropriations Committee. The way this bill is crafted, a private insurer's company will be operating the program. Because of that we are not obligated because this is not an expansion of Medicaid. If it was an expansion of Medicaid, it would occur automatically. That is the first thing that must be recognized. Secondly, we spend somewhere in the excess of well over a million dollars in the Department of Health for family planning. With those services, the issue talked about today, can be continued and would be recognized. The other issue to this is the actual expenditure would be somewhere around \$54,000. As the amendment is crafted, it states the Department does not have to pay for it but also gives the flexibility of the private insurance company to continue to offer those services. It is not a big issue and the difference of insuring 11,000 children on such a very minor issue is really not worth jeopardizing the bill. That is the reason where the amendment is and those are the effects and the recognition of how the bill is currently before them.

REPRESENTATIVE SQUIRES stated she would like to clarify if and when a company should choose to provide that particular service, it cannot be excluded?

SENATOR HARP said absolutely not. All it is saying is the Department will not reimburse them for that cost but the flexibility still stays with the private insurance company.

REPRESENTATIVE SQUIRES stated on July 1 that service would be provided for by the company that does this, then those contraceptives could be paid for if and when. There is that window of opportunity.

SENATOR HARP stated the flexibility is there. The beauty of how this bill is crafted was the work that **REP. SOFT, REP. SQUIRES** and the oversight committee on children which allowed a private insurance company to manage this. This discussion would not be had today if it was an expansion of Medicaid and further entitlements. The beauty of this bill is working with private insurance companies. We have done a maintenance of \$15 and working Montanans matching \$200 annually to match services within the value of approximately \$4,000 to \$5,000. This is without question, one of the finest policy decisions this state has made

in many years. It has been crafted to Montanans needs and standards.

REPRESENTATIVE NOENNIG stated he did not want to jeopardize the bill. His recollection is there was a motion of the House Floor to delete Amendment #3 before the bill passed.

SENATOR CHRISTIAENS questioned under the pilot they have been operating under for the past couple of years if they have been paying for this particular type of service? **CHUCK BUTLER, BLUE CROSS BLUE SHIELD**, stated they are administering the pilot **CHIP** program of the Department of Public Health and Human Services which has been operational since January 1 for 943 children. Currently the program does not include this benefit. They way the amendment has been crafted by the appropriations committee in the House, it does leave the option open for the future for an insurance company to make that decision at the insurance company's choice.

SENATOR CHRISTIAENS stated under small group benefits, these are services that are covered now and he does not know how these fit and meld together but having worked with young people for years, he feels strongly that by spending few dollars early on, we may be able to prevent large dollars with premature babies, low weight babies, all kinds of problems.

SENATOR HARP stated that the \$1 million dollars plus set aside for family planning certainly allows for that opportunity for that service and gives the flexibility to the private insurance company to continue that. Obviously our goal here is to take care of children in Montana that need health care at an early age, particularly kids going into the classroom in dental and visual care and early intervention. This is such a minute detail and has been crafted to allow a lot of flexibility that he does not see this as a major stumbling block.

REPRESENTATIVE SOFT stated, as mentioned, this motion was offered on the House Floor and rejected. When he thinks back to the early days of discussion with the joint oversight committee on children and families, they were really focusing on the younger kids. They had hoped, in fact, that there would be an age limit that it would go up to only 10 or 12 years old. That was expanded and he feels justifiably so. The services for birth control, education and awareness are available through other resources and it does, as the bill stated, give latitude to the insurance carrier if they choose to do this. He feels the bill has come a long way and we need to move it on with the amendment approved today. He resists the amendment to strike it again.

Vote: Motion that on **PAGE 1, HOUSE STANDING COMMITTEE REPORT, TO STRIKE AMENDMENT #3** failed 1-5 with **SENATOR CHRISTIAENS** voting **yes**.

Motion/Vote: **SENATOR KEENAN** moved to **ACCEPT THE FREE CONFERENCE COMMITTEE REPORT ON SB 81**. Motion carried 6-0.

{Tape : 1; Side : A; Approx. Time Counter : 8.1 - 15.5; Comments : None.}

ADJOURNMENT

Adjournment: 10:40 A.M.

SEN. JOHN HARP, Chairman

JYL SCHEEL, Secretary

EXHIBIT (frs84sb0081aad)